



**Dominion<sup>®</sup>**

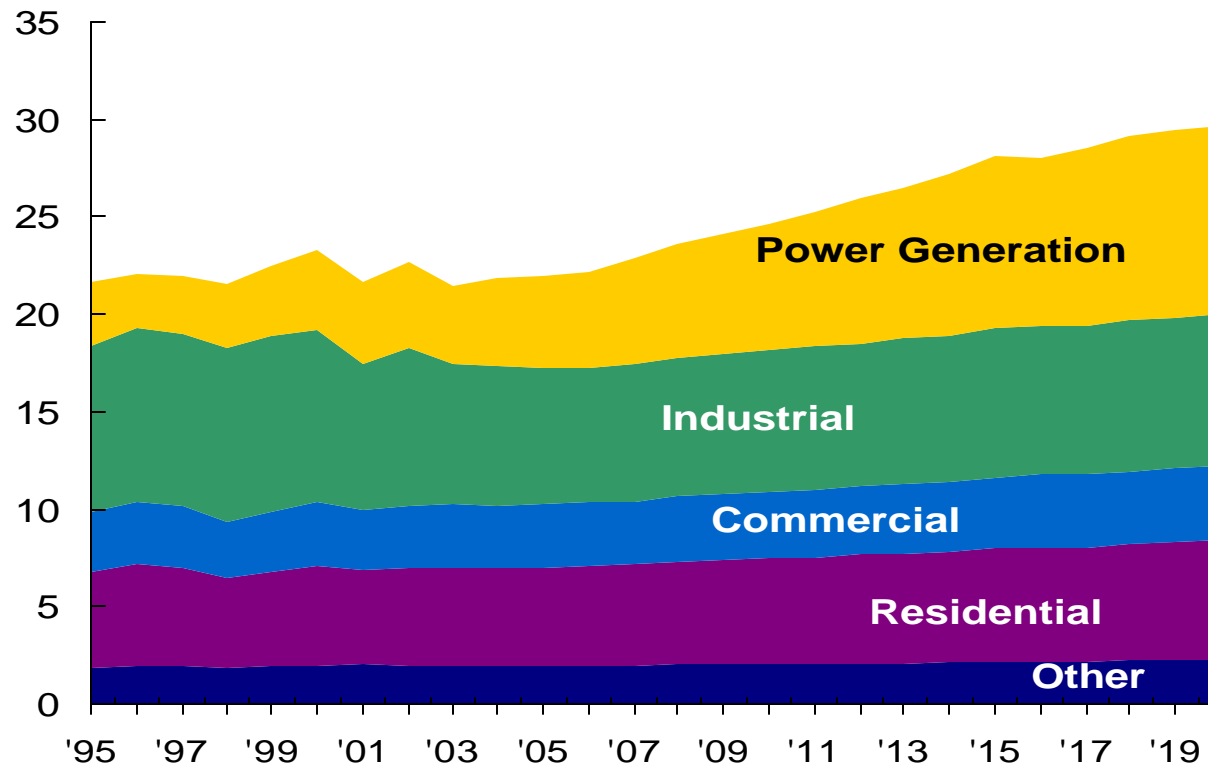
# *Reopening the Debate on OCS*

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# Gas Demand Outlook

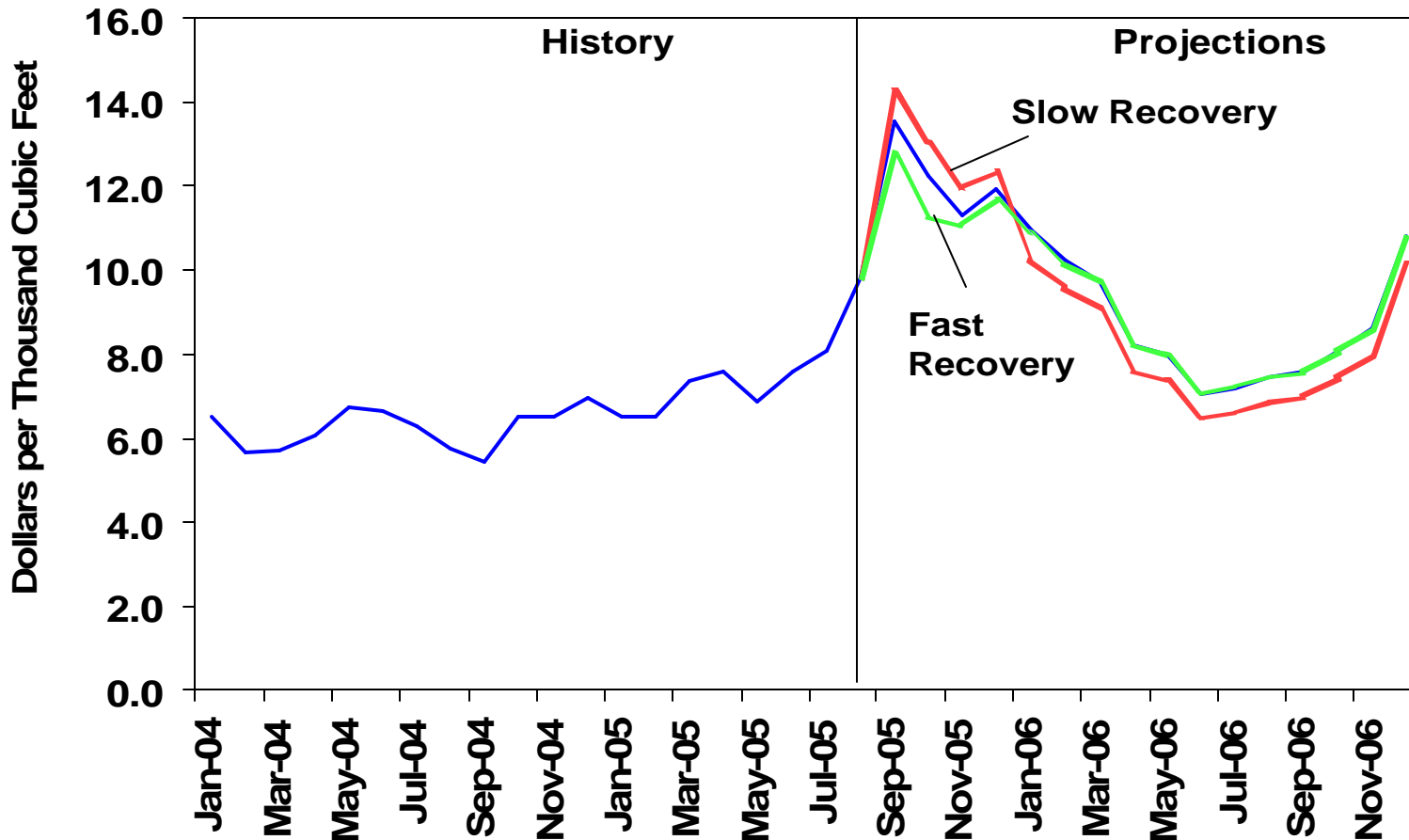
## Gas Consumption (Trillion Cubic Feet, Tcf)



Source: Energy and Environmental Analysis (EEA)

# *U.S. Natural Gas Spot Prices*

## *EIA (September 2005)*



*\*The confidence intervals show  $\pm 2$  standard errors based on the properties of the model.*

*The ranges do not include the effects of major supply disruptions.*

## *An Under-reported Crisis*

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### **Henry Hub Spot Price**

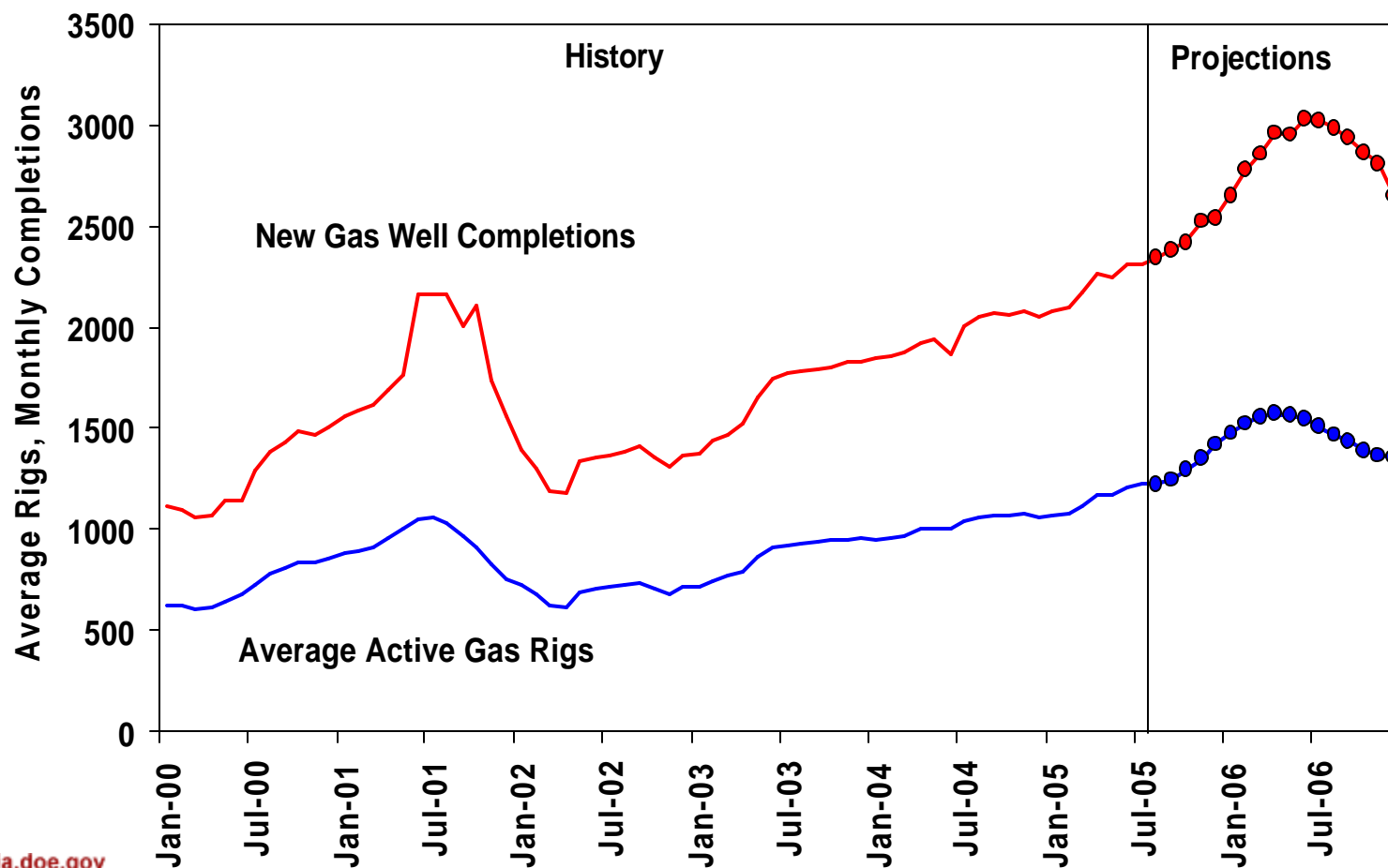
1997 - - \$2.61

2002 -- \$3.47

2005 -- \$8.42 (to date)

\$12.60 on 9/21/05 (after Katrina / before Rita)

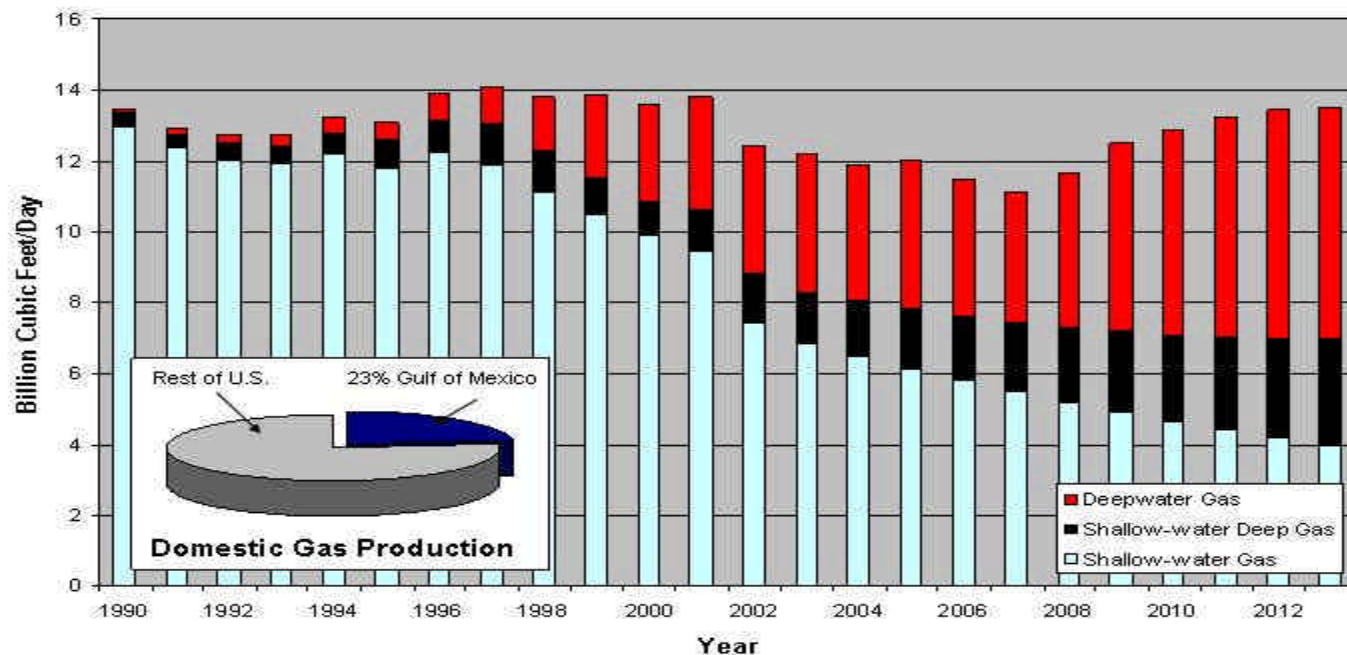
# *U.S. Natural Gas-Directed Drilling Activity*



Short-Term Energy Outlook, Sep. 2005

# Gulf of Mexico

Gulf of Mexico Gas Production



## ***Interior Department Hurricane Update - October 4th***

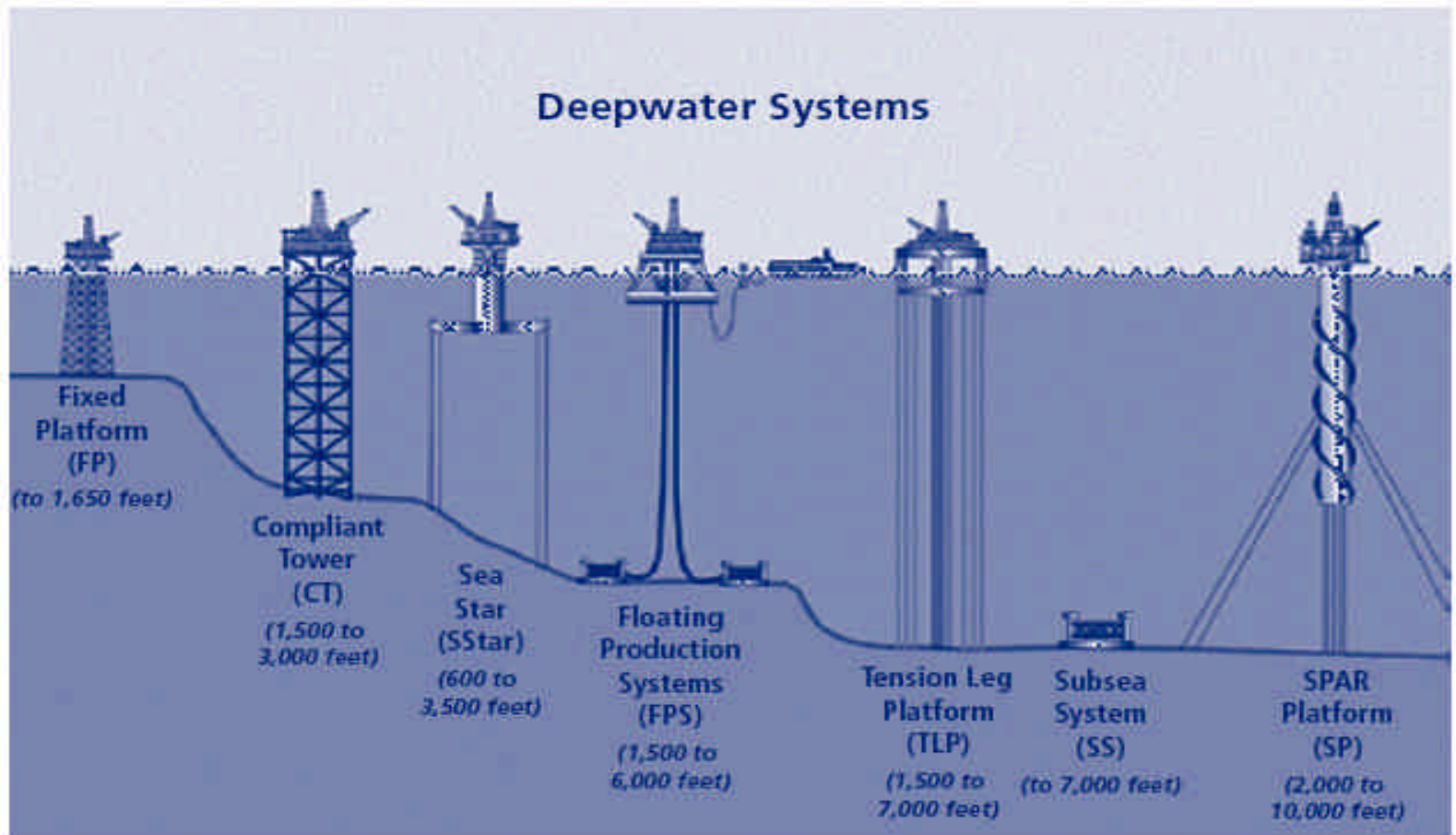
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- \* 90% of Oil Production Shut-In**
- \* 72% of Natural Gas Production Shut-In**

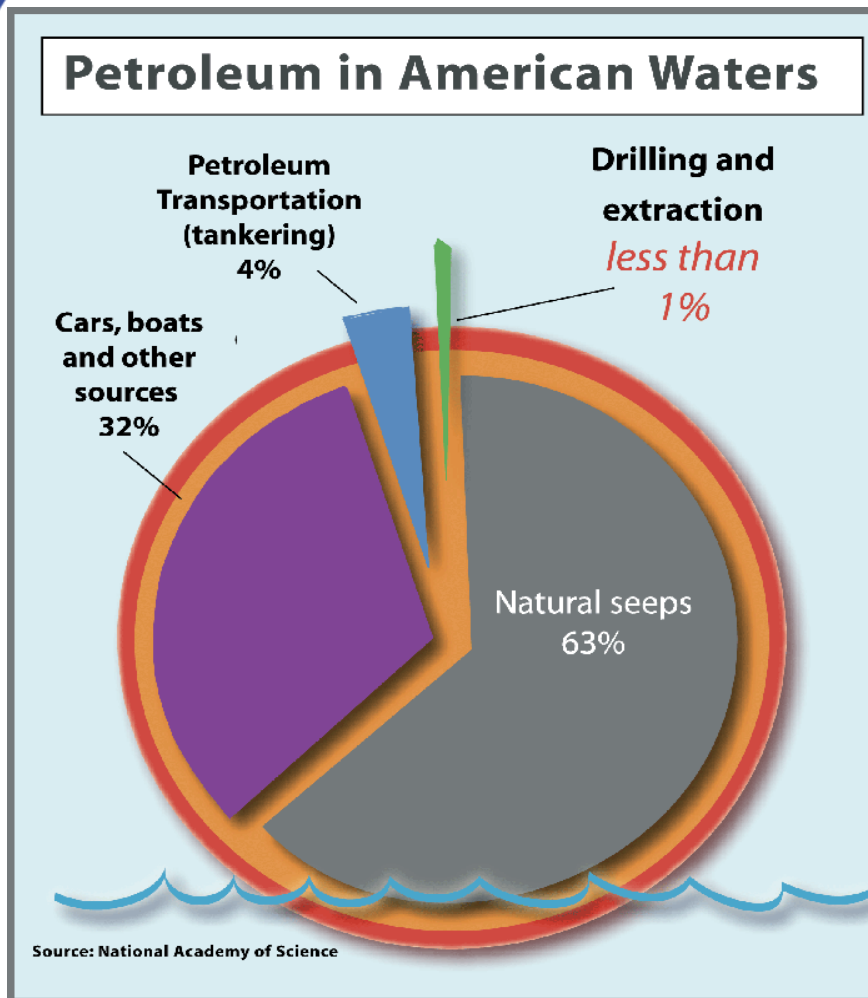


# *More About Production:*

## *Different Types of Platforms*



# *Safety and Offshore Energy*



- \* **Enviably Record of Environmental Performance**
- \* **Continuous improvements in safety and environmentally sensitive operations**
- \* **MMS conducts 12,000 inspections annually**

## *History of the Moratoria*

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### **80% of U.S. OCS Area Off-Limits**

- \* 1982, 1984, 1990, 1991, 1992
- \* 1990 - President Bush I
- \* 1998 - President Clinton Extended to 2012
- \* Annual Appropriations Rider

## ***“Offshore State Options Act”***

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- \* Codifies Presidential Withdrawal to 2012**
- \* Allows States to Petition to Lift Moratoria - Gas Only or Both**
- \* Sharing of 50% of Royalty Revenue with Adjacent State, Including Alternative Energy**
- \* State May Allow Natural Gas Only Within 125 Miles**
- \* No Leasing Within 50 Miles of Adjacent State That Doesn't Allow Production**

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